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EXAMINER

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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Paper No. 6/2/2005

Application Number: 09/711,183

Filing Date: November 13, 2000

Appellant(s): La Forest, Jeffrey P.

Jeffrey P. La Forest
For Appellant

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GROUP 3600

EXAMINER'S ANSWER

This is in response to the appeal brief filed 4/20/05.

(1) *Real Party in Interest*

A statement identifying the real party in interest is contained in the brief.

(2) *Related Appeals and Interferences*

A statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief.

(3) *Status of Claims*

The statement of the status of the claims contained in the brief is correct.

(4) *Status of Amendments After Final*

The Appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) *Summary of Invention*

The summary of invention contained in the brief is correct.

(6) *Grounds of Rejection to be Reviewed on Appeal*

The Appellant's statement of the Grounds of Rejection to be Reviewed on Appeal in the brief is correct.

(7) *Claims Appealed*

The copy of the appealed claims contained in the Appendix to the brief is correct.

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(8) *Prior Art of Record*

The following is a listing of the prior art of record relied upon in the rejection of claims under appeal.

6,477,509 Hammons November, 2002

5,687,322 Deaton November, 1997

5,862,223 Walker January, 1999

(9) *Grounds of Rejection*

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-18, 22 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. These claims are rejected under 35 U.S.C. 101 because these claims have no connection to the technological arts. The method claims do not specify how the claims utilize any technological arts. For example, no network or server is specified. To overcome this rejection, the Examiner recommends that the Applicant amend the claim to specify or to better clarify that the method is utilizing a medium or apparatus, etc within the technological arts. Appropriate correction is required.

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As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In*

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re Toma, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but

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rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the current application, no technological art (i.e., computer, network, server) is being utilized by claims 1-18, 22. At least one step of the body of the claims must explicitly utilize the technological arts.

Additionally, Claims 20 and 22 disclose only non-functional data. There are no business method steps in Claims 20, 22. Therefore, Claims 20 and 22 are considered to consist entirely of non-functional descriptive material. This material does not create any functional interrelationships either as part of the stored data or as part of the computing processes performed by the computer and does not impart functionality either to the data or the computer. Such descriptive material is not a process, machine, manufacture, or composition of matter (*Warmerdam*, 33 F.3d at 1361 31 USPQ2d at 1760).

Appropriate correction is required on all 101 Rejected claims.

Claim Rejections - 35 USC § 103

Claims 1, 7-11, 13-17, 19-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Hammons (6,477,509).

Claim 1, 19, 20, 21: Hammons discloses a method, system of providing incentives to bidders on an auction item comprising:

creating a consumer profile for at least one consumer, the consumer profile including at least information relating to a bid on the auction item (col 10, lines 3-8; col 5, lines 20-30; col 4, lines 28-40; col 9, lines 46-55);

choosing at least one unsold item from an inventory based on the information in the consumer profile (col 9, lines 30-55). Also, it is inherent that if an item is offered for sale it is unsold and still needs to be sold.

Hammons further discloses generating an incentive for the at least one chosen unsold item based on the consumer profile (col 10, lines 40-51; col 4, lines 40-48); and

offering the at least one chosen unsold item and the incentive to the at least one consumer to induce purchasing of the chosen unsold item (col 10, lines 40-51; col 4, lines 40-48).

Hammons further discloses that the incentive is based on a selection of the consumer information (col 10, lines 3-8; col 10, lines 40-50).

Hammons does not explicitly disclose that the incentive value is determined by consumer information.

However, Hammons discloses tracking all user activity to create a user profile for effective sales purposes (col 10, lines 3-8).

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Hammons further discloses reinforcing an individual system user through varying incentives (col 10, lines 40-50).

Therefore, it would have been obvious to Hammons to vary the incentive based on the user profile. One would have been motivated to do this to present incentives that are more appropriate to a user.

Additionally, Hammons discloses dynamically adjusting the information that is presented to the customer based upon dynamic user activity information (col 13, lines 30-36; col 12, line 65-col 13, line 10).

Also, Hammons discloses Internet auctions, bidding and persuading customer behavior:

“Recently, a wide variety of business models have been utilized in conducting business on the global communication network known as the Internet. One of these methods involves bidding on a service or good such as an airplane ticket, and letting providers of that service or good respond if they can meet the bid price. . .

What these business models lack is a system which reinforces customer behaviors and which also provides mutually beneficial relationships to a number of parties involved in a transaction. These parties can be the Internet user, an information provider, a lending partner, and the system management entity. This mutually interlocking and self reinforcing structure of relationships is the focus of this invention” (col 1, lines 12-35) .

Hammons further discloses dynamically adjusting the information that is presented to the customer based upon dynamic user Internet activity information (col 13, lines 30-36; col 12, line 65-col 13, line 10).

Hammons further discloses that user activity is utilized to form the user profile and for targeting the user (col 9, lines 5-12). Note that Hammons targets a user both on static demographic information and on dynamic user activity information.

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Hammons further discloses that each action of the users is monitored and recorded and fed back to the system computer for analysis and updating of the user information (col 10, lines 3-8).

Hammons further discloses presenting auctions of interest and current bids on items to a user including the users current bids (Fig. 3; col 9, lines 46-55).

Therefore, because Hammons discloses that all user Internet actions, including viewing products, purchasing, and utilizing the Internet in a variety of ways, are monitored and tracked and added to a user profile and because Hammons discloses that users participate in Internet auctions and makes bids, it would be obvious to one skilled in the art that user profile information includes information related to bids on an Internet auction item. One would be motivated to do this to provide a complete profile of user activity to enable better user targeting.

Therefore, because Hammons discloses tracking and monitoring all user Internet activity and actions, that a user can participate and take actions in Internet auctions such as bidding and purchasing, and that user information includes both static user information and dynamic user information, it would be obvious to one skilled in the art that user auction information can be utilized to target a user. One would be motivated to do this to provide a complete profile of user activity to enable better user targeting.

Claim 7: Hammons discloses the method of claim 5, and further discloses:

generating revenue by at least one of charging a transaction fee and receiving a percentage of the seller surplus on the unsold item (col 3, lines 15-26).

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Claim 8: Hammons discloses the method of claim 5, and further discloses that the offering comprises: basing the incentive on a retail price of the auction item (col 10, lines 40-45; col 4, lines 43-47). It is implied that an a discount on an item or an excellent price on an item is in relation to the standard price of an item.

Claim 9: Hammons discloses the method of claim 1, and further discloses:
updating the consumer profile by recording whether the incentive was redeemed (col 10, lines 3-8). Hammons offers incentives that can be utilized for in the future (col 4, lines 43-50) and Hammons discloses tracking all aspects of consumer interaction including incentive utilization (col 10, lines 3-8col 10, lines 50-64).

Claim 10: Hammons discloses the method of claim 1.

Hammons further discloses an auction and the user bidding in a competitive auction (col 9, lines 46-52). Hammons further discloses tracking user activity (col 10, lines 1-6). Tracking user activity would include tracking bidding activity as bidding is a user activity.

It is implied by competitive bidding that there will be several bids before the successful bid.

Therefore, it is obvious to Hammons that the bidding user can furnish at least one bid that is lower than the successful bid for the auction item. Hammon's user would be motivated to have bid lower than the successful bid in order to try to attain as low a price as possible.

Claim 11: Hammons discloses the method of claim 1, and further discloses that the generating comprises:
establishing the incentive based on at least one of inventory levels, market conditions, and consumer preferences (col 10, lines 45-55; col 9, lines 5-12).

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Claim 13: Hammons discloses the method of claim 1.

Hammons does not explicitly disclose basing an incentive on the unsuccessful bid.

However, Hammons discloses offering incentives (col 10, lines 40-45; col 4, lines 44-48) based on the profile and tracking and analyzing all actions of a user (col 10, lines 1-6; col 10, lines 45-63).

Hammons further discloses auctions including bid monitoring of a user's bids (col 9, lines 46-52).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Hammon's incentive offers based on user profile and actions to Hammon's presenting and tracking system user bid activities. One would have been motivated to do this because a user is likely interested in an incentive on an item for which they bid.

Claim 14: Hammons discloses the method of claim 1 wherein the creating comprises: evaluating consumer behavior; determining demographics and psychographics of the consumer; gathering transaction information of the consumer; and classifying the consumer in a consumer category (col 4, line 60-col 5, line 10; col 9, lines 5-15; col 10, lines 1-8).

Claim 15, 16: Hammons discloses the method of claim 1. Hammons further discloses that choosing comprises:

Selecting a comparable or redirecting the consumer to a different unsold item as compared to the auction item (col 9, lines 30-55). Since Hammons discloses redirecting consumers to unsold items and offering auction items, it would have been obvious of Hammons

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to offer unsold items related to auction items. One would have been motivated to do this because the user is likely interested in items related to an item the user bids on.

Claim 17: Hammons discloses the method of claim 1 wherein the offering comprises: extending a general incentive with at least one seller (col 4, lines 40-48).

Claim 22: Hammons discloses a database for an incentive program for bidders on auction items comprising:

an inventory file having at least one of detailed descriptions of an inventory, a list of similar items of the inventory, and a list of complementary items of the inventory (col 4, lines 49-67; Fig. 2); and

a consumer profile having at least one of bidding history, start bid, bid frequency, bid increment, final bid, winning bid, target product, Internet service provider, zip code, credit card type, and coupon redemption rate (col 5, lines 20-30; col 4, lines 28-40; col 9, lines 46-55).

Claim 2, 4, 5, 6, 12, 18 are rejected under 35 U.S.C. 103(a) as being unpatentable over Hammons (6,477,509) in view of Deaton (5,687,322).

Claim 2, 4, 5: Hammons discloses the method of claim 1 further comprising:

Hammons discloses profiling users (col 10, lines 1-8) and providing incentives (col 10, lines 45-63).

Hammons does not explicitly disclose providing a maximum allowable discount for each unsold item from the inventory, the incentive comprising an amount less than the maximum allowable discount.

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However, Deaton discloses providing a maximum allowable discount for each unsold item from the inventory, the incentive comprising an amount less than the maximum allowable discount (col 74, lines 65-col 75, lines 4).

Deaton further discloses establishing a discount zone between a full price of the unsold item and the full price less the maximum allowable discount (col 74, lines 65-col 75, lines 9).

Deaton further discloses determining an effective price within the discount zone deemed necessary to trigger a consumer purchase, the discount zone having a consumer surplus between the full price and the effective price and a seller surplus between the effective price and the full price less the maximum allowable discount (col 74, lines 65-col 75, lines 9);

calculating at least one of a rebate and coupon equivalent to the consumer surplus.

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Deaton's providing the maximum allowable discount only when necessary to Hammon's profiling and incentives. One would have been motivated to do this to provide prices that attract users but do not slim profits of sellers.

Claim 6, 12: Hammons discloses the method of claim 5. Hammons further discloses:

recording at least one of detailed descriptions, a list of similar items, and a list of complementary items of the inventory (col 9, lines 30-50);

inputting into the consumer profile at least one of bidding history, start bid, bid frequency, bid increment, final bid, winning bid, target product, click stream, Internet service provider, zip code, credit card type, and coupon redemption rate (col 10, lines 1-8; col 9, lines 45-55);

comparing the consumer profile to an index of consumer behavior indicators;

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categorizing the consumer according to results of the comparison;
assigning a weight to the input of the consumer profile to determine importance of the input; and
monitoring the input to improve accuracy of the assigned weights (col 4, line 60-col 5, line 10;
col 9, lines 5-15; col 10, lines 1-8).

Hammons does not explicitly disclose calculating the maximum allowable discount based on the seller's inventory pressure.

However, Deaton discloses calculating the maximum allowable discount based on the seller's inventory pressure (col 103, lines 5-18)

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Deaton's inventory influenced incentive to Hammons' profiling and incentives. One would have been motivated to do this so that Hammons can vary incentives based on the situation of the seller and thereby assist the seller with efficient sales.

Claim 18: Hammons discloses the method of claim 1. Hammons further discloses offering incentives (col 10, lines 40-45; col 4, lines 44-48) and the consumer rejecting incentives and terminating communications (col 2, lines 48-54).

Hammons does not disclose expiring the incentive.

However, Deaton discloses expiring an incentive (col 106, lines 38-60).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Deaton's expiring an incentive to Hammons rejecting an incentive or terminating communications. One would have been motivated to do this because an incentive being available for a limited time can further motivate a user to utilize that incentive.

Claim 3 is rejected under 35 U.S.C. 103(a) as being unpatentable over Hammons (6,477,509) in view of Walker (5,862,223).

Claim 3: Hammons discloses the method of claim 2. Hammons further discloses adjustable prices (col 10, lines 40-45) and discounts (col 4, lines 44-48) and communicating with the seller (col 9, lines 40-col 10, line 7).

Hammons does not explicitly disclose negotiating the maximum allowable discount of the unsold item with a seller.

However, Walker discloses negotiating the maximum allowable discount of the unsold item with a seller (col 4, lines 21-25; col 4, lines 13-18).

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to add Walker's price negotiating to Hammons adjustable prices and communicating with the seller. One would have been motivated to do this to achieve a price that will entice a buyer yet is also favorable to a seller.

(10) Response to Argument

7. 35 USC 101

The following is in response to Appellant's arguments concerning the 35 USC 101 Rejection beginning on page 24 of the Appeal Brief.

Please see the 35 USC 101 rejection above for details of this rejection. Also, Examiner notes that the Business Methods group of the 3600 Tech Center has been instructed to examine claims as specified in the 35 USC 101 rejection above. Examiner notes that the Business Methods group of 3600 has been instructed that the body of the claims must explicitly utilize the

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technological arts. Examiner notes that the body of the claims explicitly utilizing the technological arts is particularly relevant for method claims.

Examiner further notes that the Appellant's After-Final Amendment dated 11/19/2004 would have resolved the 35 USC 101 issues. However, the 11/19/2004 After-Final Amendment was not entered. Please see the Advisory Action section below for reasons why the 11/19/2004 After-Final Amendment was not entered. Therefore, without the 11/19/2004 amendment of the claims, the 35 USC 101 rejection remains.

Also, please note that there was not a 35 USC 101 rejection made on claim 21.

And, please note that a non-functional descriptive material rejection was made for claims 20 and 22.

7. 35 USC 103(a)

The following is in response to Appellant's arguments concerning the 35 USC 103 Rejection beginning on page 25 of the Appeal Brief.

On page 26 of the Appellant's Appeal Brief Appellant states,

"Particularly, Hammons is silent with regard to creating a consumer profile where the profile includes information related to a bid on an Internet auction item. . . Thus, while Hammons states that it can provide auction items for viewing, it never suggests creating a consumer profile that includes information relating to a bid on an auction item. . . Hammon's incentive is money, Internet currency or credit, and that incentive is based solely on advertisement viewing time. Applicant's incentive, while it may have a monetary value, is generated based upon the user's bid

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or bidding history of an auction item and not based upon time. Therefore, Hammons invention as disclosed cannot suggest applicant's invention.”

On page 27 of the Appellant’s Appeal Brief Appellant states, “Applicant's incentive is calculated based upon the bid and not the time.”

Examiner notes that it is the Applicant’s claims as stated in the Applicant’s claims that are being rejected with the prior art. Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993). For example, Appellant’s feature of “Applicant's incentive is calculated based upon the bid and not the time” is not stated in the Appellant’s independent claim. This feature of “calculated based upon the bid and not the time” was added to the claims after-final. However, the after-final claim amendments were not accepted (for the reasons stated below). Therefore, the features under examination are the claims as presented in this Appeal Brief. The copy of the claims in this Appeal Brief states in independent claim 1 ‘generating an incentive for the at least one chosen unsold item based on the customer profile’.

In regards to the rejection of the independent claims, Examiner notes that a 35 USC 103 rejection was made utilizing Hammons. Therefore, Examiner does not state that Hammons explicitly discloses all features of the Appellant’s claims. Rather, Examiner states that Hammons renders obvious the Appellant’s claimed features.

Examiner further notes that the Hammons the features in the Hammons disclosure are not necessarily mutually exclusive. If Hammons discloses features A and B in one part of the

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Hammons reference, that does not necessarily prevent Hammons from disclosing features A and C in another part of the Hammons reference.

Additionally, The Hammons reference renders obvious the Appellant's claimed features.

Hammons discloses that a user profile is created and maintained and that all user actions and activities are included in that profile (Fig. 2 and below):

“(26) The advertiser also has available to him real time in-depth reporting on advertising performance, brand awareness, and advertising tracking. The system provides qualitative message and creative testing, data mining services, and market research. These benefits are available in the version of the system in which the system user's activities are monitored, and each action of the system user on the internet is recorded and fed back to the information system computer for analysis” (col 9, line 65-col 10, line 7).

Notice that the reporting and analysis is in-depth, real time, provides a range of analysis and data mining. Also, note that the user's activities are *Monitored* and that *Each Action* of the system user on the Internet is recorded and fed back to the information system computer for analysis.

Hammons discloses that the user activity information, including Internet and product viewing activity, is utilized for modifying the selection of information given to the user:

“(7) FIG. 2 shows another optional component of the system, which is a feedback loop 28, in which the system user's activity on the computer in relation to network use and product viewing are recorded for periodic transmittal to the information system computer 16. This information can also be sent to the integration step 22, to modify the selection of information

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which is directed to the system user 14 to match the system user's recorded Internet and product viewing activity" (col 5, lines 20-30).

The online Merriam Webster dictionary at www.m-w.com defines incentive as, "something that incites or has a tendency to incite to determination or action".

Hammons discloses that the user is profiled and targeted and incentives are provided to targeted users to incite certain behaviors such as product purchases, and that product provider product information is compared with user targeting information:

"(13) The information system computer would then integrate the system user profile information with the product information provided by information providers. Product information which matches the system user profile information would be selected, and provided to the system user for viewing on his computer screen. The selected product information is sent to the system users computer when the system user connects to the network (col 3, lines 7-16);

(21) The advantage to information providers of all types is the ability to more effectively target contacts, based on their actual spending patterns, usage behavior, geographic and personal demographic and psychographic profiles. This provides "closed-loop" advertising metrics. An advertiser is able to acquire information in which the ad impressions are directly related to purchasing and/or other behavior of a consumer" (col 9, lines 5-12).

Hammons discloses activities such as auctions, bidding, and purchasing (Fig. 3, 'Current Price', 'Auctions of Interest', 'Current Bids On', 'Current Funds', 'Checking Balance'; and below):

"(4) 2. Background of the Invention

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(5) Recently, a wide variety of business models have been utilized in conducting business on the global communication network known as the Internet. One of these methods involves bidding on a service or good such as an airplane ticket, and letting providers of that service or good respond if they can meet the bid price (col 1, lines 10-18);

(24) Other examples of relevant information which could be shown to a system user are shown in FIG. 3. These could include ads for the hobby in which the system user is interested; the current price of selected stock along side a brokerage ad; a photo and short quote from a political figure whom the system user supported; a list of items which are presently being offered in online auctions alongside the current bid for those items, possibly showing also the system user's current bid for the items; a running total of current funds available in the system users account; a display of the system user's checking balance, along with a note from his bank offering other services; and the current price of stock in which the system user is interested. (col 9, lines 41-55).

The online Merriam-Webster dictionary defines 'auction' as, "1 : a sale of property to the highest bidder". Therefore, an auction is a form of purchasing for goods and/or services.

Hammons discloses incentives for purchasing:

"(30) Purchasing behavior of the system user will be reinforced by the use of incentives, to the benefit of affiliate sites. Fees paid to the management fund can be used for ongoing subsidization of the cost of goods. This, in addition to the up front cash reward for sign up and participation will also fuel the cycle of Internet commerce via the system" (col 10, lines 45-51).

Hammons discloses that incentives can take many forms and that incentives can be given for many reasons and/or to incite a variety of user activity:

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“(8) This incentive can take the form of money or of some other currency. Funds for the sign up incentive are also transferred from lending partner 20 to the management fund 36. Incentives could be assigned for other system related activities, such as subscribing to system based e-mail, purchasing system products such as phone services, or participating with the system in other ways (col 5, lines 37-45);

(18) Other activities could result in incentives being paid, such as purchase of cell phones and phone services through the system, subscribing to e-mail services, additional banking services, and other forms of system participation” (col 8, lines 15-21).

Hammons discloses that viewing products or user's Internet activity can be monitored and that information presented to the user can be adjusted based on user activity:

“[Claim 19]. The method for network participation of claim 1 which further comprises the steps of; sensing said system user's product information viewing activity; transmitting information about said system user's product information viewing activity to said information-system computer; and dynamically adjusting product information provided to said system user according to said system user's product information viewing activity and system user profile information (col 12, line 65-col 13, line 10);

[Claim 25]. The method for network participation of claim 1 which further comprises the step of sensing said system user's internet activity, transmitting information about said system user's internet viewing activity to said information-system computer, and dynamically adjusting product information provided to said system user according to said system user's internet activity” (col 13, lines 30-36).

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Also, Examiner notes these citations relevant to the Appellant's arguments from the Final Rejection above:

"Hammons discloses tracking all user activity to create a user profile for effective sales purposes (col 10, lines 3-8).

Hammons further discloses reinforcing an individual system user through varying incentives (col 10, lines 40-50).

Also, Hammons discloses Internet auctions, bidding and persuading customer behavior (col 1, lines 12-35).

Hammons further discloses dynamically adjusting the information that is presented to the customer based upon dynamic user internet activity information (col 13, lines 30-36; col 12, line 65-col 13, line 10).

Hammons further discloses that user activity is utilized to form the user profile and for targeting the user (col 9, lines 5-12). Note that Hammons targets a user both on static demographic information and on dynamic user activity information.

Hammons further discloses that each action of the users is monitored and recorded and fed back to the system computer for analysis and updating of the user information (col 10, lines 3-8).

Hammons further discloses presenting auctions of interest and current bids on items to a user including the users current bids" (Fig. 3; col 9, lines 46-55).

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Therefore, it would have been obvious to one skilled in the art that Hammons can vary the incentive based on the user profile. One would have been motivated to do this to present incentives that are more appropriate to a user.

Therefore, because Hammons discloses that all user Internet actions, including viewing products, purchasing, and utilizing the Internet in a variety of ways, are monitored and tracked and added to a user profile and because Hammons discloses that users participate in Internet auctions and makes bids, it would be obvious to one skilled in the art that user profile information includes information related to bids on an Internet auction item. One would be motivated to do this to provide a complete profile of user activity to enable better user targeting.

Therefore, because Hammons discloses tracking and monitoring all user Internet activity and actions, that a user can participate and take actions in Internet auctions such as bidding and purchasing, and that user information includes both static user information and dynamic user information, it would be obvious to one skilled in the art that user auction information can be utilized to target a user. One would be motivated to do this to provide a complete profile of user activity to enable better user targeting.

Therefore, Hammons renders obvious the Appellant's claimed features for the claims rejected by the Hammons reference in a 35 USC 103 rejection.

7. Advisory Action – New Subject Matter Issue

Examiner notes that Appellant's After-Final Claim Amendment submitted on 11/19/2004 was not entered. Examiner notes that the claim changes to correct the 35 USC 101 rejection

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were not the reason the After-Final Amendment was not entered. Rather, the Appellant added new claim features to the independent claims After-Final.

For example, in claim 1, Appellant added 'using a learning model that calculates the incentive'. Appellant also removed a reference in the method steps to 'consumer profile' and replaced that 'consumer profile' feature with 'information relating to the bid on the auction item'.

The addition of 'using a learning model that calculates the incentive' is a new feature added After-Final that would require further consideration and/or search. The replacement of the broader 'consumer profile' with the more specific 'information relating to the bid on the auction item' at that point in the claims would require further consideration and/or search as to how that changing of features at that point in the method steps impacts the claims as a whole. Therefore, the Appellant's After-Final Amendment dated 11/19/2004 raised new issues that would require further consideration and/or search. Hence, an Advisory Action was issued and the proposed After-Final claim Amendment was not entered.

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For the above reasons, it is believed that the rejections should be sustained.


Respectfully submitted,



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Patent Examiner

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